

Dear Citizens:

It is the responsibility of the Memphis City Council to ensure the citizens of Memphis are provided accurate information regarding the City's business. It has come to our attention that a story was aired on Monday, August 21st indicating that citizens have been overcharged on their property taxes and could possibly be due a refund. This information is incorrect.

2005 was an appraisal year in Memphis & Shelby County. Tennessee state law provides municipalities a mechanism for recapturing dollars when citizens appeal their appraisals. This law also prevents municipalities from receiving increased revenues because property values have gone up. The Finance Director uses a formula to determine what the adjusted tax rate will be during the appraisal year. This number will always be less than the prior year's tax rate, but includes a cushion for estimated appeals. The appeals adjustment cushion used by the Finance Director was in the amount of fifteen cents (\$.15). This must be done to ensure that the City's revenue not decrease but remain relatively flat. Revenues can only be increased through a property tax increase, which also occurred in 2005.

The State Board of Equalization provides the certified property tax recapture rate to the City of Memphis Finance Division the year following a general appraisal. This calculation is based upon the number of appeals upheld versus the estimate. According to the Board of Equalization, the actual number of appeals approved equated to ten cents (\$.10) rather than the fifteen cent estimate. In other words, not as many appeals were approved or not as many citizens appealed their appraisals.

Please be aware that the City of Memphis did not overcharge you on your taxes and pocket the funds. We over estimated our loss in appeals which will result in additional funds for our general fund.

We believe you deserve the facts. On behalf of the members of the Memphis City Council and the City of Memphis Administration, these are the facts.

TaJuan Stout Mitchell
Chair
Memphis City Council